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18 THE LARYNGEAL MASK COMPANY LTD.
19 and LMA NORTH AMERICA, INC.

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IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF CALIFORNIA

1 THE LARYNGEAL MASK COMPANY) Civil Action No. 07 CV 1988 DMS (NLS)
2 LTD. and LMA NORTH AMERICA, INC.,)
3 Plaintiffs,) PLAINTIFFS' MEMORANDUM OF
4 v.) POINTS AND AUTHORITIES IN
5 AMBU A/S, AMBU INC., and AMBU LTD.,) SUPPORT OF THEIR MOTION FOR
6 Defendants.) ENTRY OF JUDGMENT ON LMA'S
7) CLAIM UNDER F.R.C.P. 54(b); AND
8) STAY OF AMBU'S FALSE-
9) ADVERTISING COUNTERCLAIM
10) PENDING APPEAL
11)
12)
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22)
23) Date: August 21, 2009
24) Time: 1:30 p.m.
25) Counterclaimants,) Courtroom 10, 2nd Floor
26) v.)
27)
28) Honorable Dana M. Sabraw
THE LARYNGEAL MASK COMPANY)
LTD. and LMA NORTH AMERICA, INC.,)
Counter-Defendants.)

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I. INTRODUCTION

Plaintiffs and Counter-Defendants The Laryngeal Mask Company Ltd. and LMA North America, Inc. (collectively, "LMA") respectfully ask the Court to enter final judgment on LMA's patent claim under Federal Rule of Civil Procedure 54(b). Entry of final judgment will allow LMA to take an immediate appeal of the Court's Order Granting Defendants' Motion for Partial Summary Judgment of Non-Infringement (June 25, 2009) (Dkt. #184) and the underlying Order Construing Patent Claims (Mar. 17, 2009) (Dkt.# 171). To facilitate an immediate appeal, LMA is prepared to dismiss its one remaining patent claim without prejudice now and not prosecute it if the Federal Circuit affirms.

10 Entry of final judgment under Rule 54(b) will facilitate prompt resolution of LMA's
11 patent claim and conserve the resources of the Court and the parties. If the Federal Circuit
12 affirms the judgment, then LMA's patent claim will have been fully and finally resolved without
13 the need to resolve any summary judgment motions on invalidity, and without the need to try
14 any disputed factual issues on LMA's remaining patent claim or on the validity of the patent.
15 Conversely, if the Federal Circuit does not affirm, then further proceedings on infringement and
16 validity can be held in this Court with a definitive claim construction ruling. Absent the Federal
17 Circuit's guidance, this Court might have to conduct two trials – one trial based on the current
18 claim construction and non-infringement ruling, and another trial based on the Federal Circuit's
19 rulings. Entry of final judgment on LMA's patent claim under Rule 54(b) would avoid duplicate
20 trials, save the time and resources of this Court and the parties, and serve Rule 1 by "secur[ing]
21 the just, speedy, and inexpensive determination" of this action.

22 The counterclaims of Defendant and Counterclaimants Ambu A/S, Ambu Inc., and
23 Ambu Ltd. (collectively, “Ambu”) provide no just reason to delay the entry of final judgment on
24 LMA’s patent claim. Ambu’s counterclaim for a declaratory judgment of patent invalidity lies
25 in the discretion of this Court. Ambu has removed the patented feature on all of its products and
26 decided to do so well before LMA commenced this action. Accordingly, it is within this Court’s
27 discretion to decline to entertain a declaratory judgment action on an issue of concern only to
28 “those with ‘an academic interest in the law of patents.’” 10B CHARLES ALAN WRIGHT, ARTHUR

1 R. MILLER & MARY KAY KANE, FEDERAL PRACTICE AND PROCEDURE § 2761, at 591 (3d ed.
 2 1998) (citation omitted) [hereinafter WRIGHT & MILLER].

3 Ambu's false-advertising counterclaim likewise provides no just reason to delay entry of
 4 final judgment on LMA's patent claim. Ambu's false-advertising claim may be enforced
 5 separately from LMA's patent claim and is therefore a separate claim that may be decided
 6 separately under Rule 54(b). LMA NA is also prepared to cease distribution of the remaining
 7 copies of the LMA Brochure during the pendency of the appeal. Further, authoritative
 8 resolution of LMA's patent claim logically precedes adjudication of Ambu's false-advertising
 9 claim because Ambu cannot claim damages for sales lost because of LMA's advertising if the
 10 products it would have sold infringed LMA's patent.

11 **II. LMA'S PATENT CLAIM IS RIPE FOR ENTRY OF FINAL JUDGMENT**
 12 **UNDER RULE 54(B)**

13 Rules 41(a)(2) and 54(b) authorize this Court to dismiss without prejudice LMA's
 14 remaining unresolved patent claim (against Ambu's AuraFlex™) and direct the immediate entry
 15 of final judgment on LMA's entire patent claim. In *Doe v. United States*, 513 F.3d 1348 (Fed.
 16 Cir. 2008), the Federal Circuit held a claimant could voluntarily dismiss a portion of a claim and
 17 appeal immediately from a final judgment. In *Doe*, the Federal Circuit held that a judgment for
 18 unscheduled overtime pay was final and appealable even though a portion of the claim for
 19 *scheduled* overtime had been dismissed voluntarily and without prejudice. *See id.* at 1352. The
 20 Federal Circuit reasoned (513 F.3d at 1354):

21 The appellants have explained that their remaining claim is of minor significance and is
 22 not worth taking through trial, and in their reply brief in this court they expressed their
 23 intention to drop that claim in the event that the trial court's judgment on the other
 24 claims is affirmed. Thus, treating the trial court's judgment as an appealable final
 25 judgment would not be inconsistent with the federal policy against piecemeal litigation.
 26 Additionally, by allowing their claim as to scheduled overtime to be dismissed without
 27 prejudice, the appellants have run the risk that all or part of that claim will be barred by
 28 the statute of limitations if they seek to assert it at a later date. We therefore follow the
 court's approach set out in this court's decision in *Nystrom* [v. TREX Co., 339 F.3d 1347
 (2003),] and hold that we have jurisdiction over this appeal.

27 In *Doe*, the Federal Circuit quoted with approval (513 F.3d at 1353) the Ninth Circuit's
 28 similar decision in *James v. Price Stern Sloan*, 283 F.3d 1064 (9th Cir. 2002). In *James*, the

1 Ninth Circuit reasoned (*id.* at 1070):

2 We therefore hold that when a party that has suffered an adverse partial judgment
 3 subsequently dismisses remaining claims without prejudice with the approval of the
 4 district court, and the record reveals no evidence of intent to manipulate our appellate
 jurisdiction, the judgment entered after the district court grants the motion to dismiss is
 5 final and appealable under 28 U.S.C. § 1291.

6 Voluntary dismissal of LMA's claim against the AuraFlex™ and entry of final judgment
 7 on LMA's patent claim follows *a fortiori* from *Doe and James*. This Court granted "summary
 8 judgment of non-infringement on the Aura40™, AuraOnce™, and AuraStraight™ products."
 9 Dkt. #224, at 9. Those three product families account for three of the four product families
 10 accused by LMA's patent-infringement claim. *See* First Amended Complaint ¶ 20, Dkt. #4, at 4
 11 (only other accused product is the AuraFlex™).

12 Both parties agree that the accused product family that remains unadjudicated – the
 13 AuraFlex™ – represents a small subset of Ambu's laryngeal mask sales. According to Ambu,
 14 the AuraFlex™ represents no more than about 2% of LMA's damages. *See* Defendants'
 15 Memorandum in Opposition to Plaintiffs' Motion for an Order Extending Date to Serve
 16 Rebuttal Expert Report of Dr. Jacob Jacoby 2 (July 15, 2009) (Dkt. #246) (LMA "recently lost
 17 summary judgment removing about 98% of the value of the accused products from its patent
 18 case"); *see also* Ambu A/S Company Announcement No. 8 – 2008/09 (July 1, 2009), at 1
 19 ("What is left in the lawsuit now is the alleged infringement on one product family AuraFlex
 20 with an insignificant potential liable turnover and the counterclaims for false advertising and
 21 unfair competition that Ambu filed against LMA August 25 2008.");¹ LMA International N.V.
 22 Announcement to the Singapore Exchange (July 2, 2009), at 1 ("These three product families
 23 [AuraOnce™, Aura40™, and AuraStraight™] constitute the majority of LMA's damages claim
 24 against Ambu in the United States.").²

25
 26 ¹ Announcement available at: <http://www.ambu.com/COM/NewsEvents/NewsShow.aspx?M=News&PID=31&NewsID=491>.
 27

28 ² Announcement available at: http://www.sgx.com/wps/portal/marketplace/mp-en/listed_companies_info/company_announcements/!ut/p/c5/04_SB8K8xLLM9MSSzPy8xBz9

1 Because LMA's remaining infringement claim against the AuraFlex™ represents only a
2 minor portion of the patent damages, a separate trial on that claim would not be an efficient use
3 of the Court's time and resources. The same cost/benefit analysis applies to the parties.
4 Accordingly, if it is permitted to appeal immediately as of right under Rule 54(b), LMA is
5 prepared to voluntarily dismiss without prejudice its infringement claim against the AuraFlex™.
6 In addition, LMA is prepared not to prosecute its infringement claim against the AuraFlex™ if
7 final judgment of non-infringement on the Aura40™, AuraOnce™, and AuraStraight™ is
8 affirmed.

III. AMBU'S INVALIDITY COUNTERCLAIM SHOULD BE DISMISSED
WITHOUT PREJUDICE

11 Ambu's counterclaim for a declaratory judgment of invalidity provides no just reason to
12 delay entry of final judgment on LMA's patent claim and should be dismissed without
13 prejudice.

14 It is firmly settled that this Court “is authorized, in the sound exercise of its discretion, to
15 stay *or to dismiss* an action seeking a declaratory judgment.” *Wilton v. Seven Falls Co.*, 515
16 U.S. 277, 115 S. Ct. 2137, 2143 (1995) (emphasis added). As the Supreme Court explained in
17 *Wilton* (*id.*):

18 We agree, for all practical purposes, with Professor Borchard, who observed half
19 a century ago that “[t]here is . . . nothing automatic or obligatory about the assumption of
20 ‘jurisdiction’ by a federal court” to hear a declaratory judgment action. Borchard,
21 *Declaratory Judgments*, at 313. By the Declaratory Judgment Act, Congress sought to
22 place a remedial arrow in the district court’s quiver; it created an opportunity, rather than
23 a duty, to grant a new form of relief to qualifying litigants. Consistent with the
nonobligatory nature of the remedy, a district court is authorized, in the sound exercise
of its discretion, to stay or to dismiss an action seeking a declaratory judgment before
trial or after all arguments have drawn to a close. In the declaratory judgment context,
the normal principle that federal courts should adjudicate claims within their jurisdiction
yields to considerations of practicality and wise judicial administration.

24 The Court’s “discretion whether to entertain a declaratory-judgment action . . . is as true in
25 patent litigation as in other cases.” 10B WRIGHT & MILLER, *supra* p. 2, § 2761, at 597. Review

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28 b4eeTnpuoX5EZUOjoqKgIAFOdGOQ!!/dI3/d3/L2dBISEvZ0FBIS9nQSEh.

1 of a stay by the Federal Circuit would be limited to abuse of this Court's discretion. *See Wilton*,
 2 115 S. Ct. at 2143-44; *Liquid Dynamics Corp. v. Vaughan Co.*, 355 F.3d 1361, 1371 (Fed. Cir.
 3 2004) ("A district court judge faced with an invalidity counterclaim challenging a patent that it
 4 concludes was not infringed may either hear the claim or dismiss it without prejudice, subject to
 5 review only for abuse of discretion.").³

6 In this case, "considerations of practicality and wise judicial administration" (*Wilton*,
 7 115 S. Ct. at 2143) suggest that Ambu's invalidity counterclaim be dismissed without prejudice
 8 to permit entry of final judgment and immediate appeal of the patent claim. Determination of
 9 Ambu's counterclaim would represent a gross waste of scarce judicial resources without any
 10 concomitant benefit to the parties, for four reasons.

11 *First*, adjudication of Ambu's invalidity counterclaim is unnecessary in light of the
 12 Court's non-infringement order. This Court has ordered that three of Ambu's four product
 13 families do not infringe. LMA is prepared to tie infringement of the fourth product family to the
 14 appeal on the other three families. Because the Court's non-infringement determination will, if
 15 affirmed, dispose of LMA's patent claim in its entirety, Ambu's invalidity counterclaim has no
 16 independent significance.

17 The Federal Circuit has expressly authorized district courts to "dismiss[] [an invalidity]
 18 counterclaim without prejudice (either with or without a finding that the counterclaim was
 19 moot) following the grant of summary judgment of non-infringement." *Nystrom*, 339 F.3d at
 20 1351; *see also id.* ("We have previously held that a district court has discretion to dismiss a
 21 counterclaim alleging that a patent is invalid as moot where it finds no infringement."
 22 *Phonometrics, Inc. v. N. Telecom Inc.*, 133 F.3d 1459, 1468 (Fed. Cir. 1998) (citing *Nestier*
 23
 24

25
 26 ³ Although *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 S. Ct. 764, (2007), rejected
 27 the reasonable-apprehension-of-suit test, *see id.* 127 S. Ct. at 770-77; *SanDisk Corp. v.*
 28 *STMicroelectronics, Inc.*, 480 F.3d 1372, 1380 (Fed. Cir. 2007), it did not cabin the district
 court's discretion whether to dismiss declaratory judgment actions and did not change the
 requirement that the declaratory-judgment plaintiff must be engaged in potentially infringing
 activity, *see CAT Tech LLC v. Tubemaster, Inc.*, 528 F.3d 871, 880 (Fed. Cir. 2008).

1 *Corp. v. Menasha Corp.-Lewisystems Div.*, 739 F.2d 1576, 1580-81 (Fed. Cir. 1984)).⁴ The
2 same result should apply here.

3 *Second*, Ambu's pre-suit decision to abandon the patented feature likewise makes
4 adjudication of Ambu's invalidity counterclaim unnecessary. The patent-in-suit issued on
5 January 2, 2007. *See* U.S. Patent No. 7,156,100 (issued Jan. 2, 2007). Soon thereafter – and
6 well before LMA would file this action (on October 15, 2007) – Ambu commenced a program
7 to remove reinforcement from the cuffs of its laryngeal masks. Ambu launched its unreinforced
8 products commercially in March 2008 and ceased selling reinforced products by March 2009.
9 On May 7, 2009, Two months after removing the patented feature from its products, Ambu
10 announced that fact in a formal securities release:

11 During the entire process, Ambu has maintained that its laryngeal mask does not
12 violate LMA's patent and decided early in the process to remove the reinforcement from
13 its products to protect its business and minimise the potential exposure resulting from the
14 court case.

15 Ambu A/S Company Announcement No. 6 – 2008/09, at 11 (May 7, 2009).⁵ Ambu's
16 abandonment of the patented feature counsels against deciding Ambu's invalidity counterclaim.

17 *Third*, while determination of Ambu's invalidity counterclaim would provide no benefit
18 to the parties, it would represent a gross imposition on this Court and a waste of scarce judicial
19 resources. When the parties met and conferred on LMA's request that Ambu stipulate to entry
20 of judgment under Rule 54(b) and stay proceedings on Ambu's false-advertising counterclaim,
21 Ambu stated that it wanted to proceed on its invalidity counterclaim because it might moot any
22 appeal on non-infringement. Although Ambu's concern for the workload of the appellate court

23 ⁴ In *Phonometrics*, the Federal Circuit explained that “[t]he Supreme Court's decision in
24 *Cardinal Chemical Co. v. Morton Int'l*, 508 U.S. 83 (1993), does not preclude this discretionary
25 action [dismissal of invalidity and unenforceability counterclaims] by the district court.
26 *Cardinal Chemical* simply prohibits us, as an intermediate appellate court, from vacating a
27 judgment of invalidity when we conclude that a patent has not been infringed, and therefore has
28 no bearing on the district court's actions in this case.” 133 F.3d at 1468; *accord Liquid*
 Dynamics Corp., 355 F.3d at 1371.

23 ⁵ Full Report available for download at: http://www.ambu.com/COM/News_Events/NewsShow.aspx?M=News&PID=228&NewsID=467.

1 is commendable, it ignores the far greater amount of work that would have to be undertaken by
 2 this Court to hear and decide any dispositive motions on invalidity and false-advertising; and try
 3 any disputed factual issues that remain after dispositive motions. Ambu's approach would
 4 impose an enormous amount of work on this Court, even though that work would be wasted if
 5 the Federal Circuit affirmed a final judgment under Rule 54(b). The wastefulness of Ambu's
 6 approach becomes even more obvious when one considers that the Federal Circuit's claim
 7 construction might affect the invalidity analysis.

8 *Fourth*, even if the Court had time on its hands, adjudication of Ambu's invalidity
 9 counterclaim would not be a sound investment of that time because the Federal Circuit may
 10 modify the Court's claim construction and thereby affect the invalidity analysis. As the Federal
 11 Circuit explained in *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (en
 12 banc), *aff'd*, 517 U.S. 370 (1996), courts have complete discretion to construe claims regardless
 13 of the constructions proposed by the parties and their experts. *See id.* at 983 ("[T]he court has
 14 complete discretion to adopt the expert legal opinion as its own, to find guidance from it, or to
 15 ignore it entirely, or even to exclude it."). Claim construction is a question of law, (*see* 517 U.S.
 16 at 372) and the Federal Circuit's review is *de novo*.

17 If the Federal Circuit modifies the Court's claim construction, then the invalidity
 18 analysis may be modified as well. As the Federal Circuit explained in *Amazon.com, Inc. v.*
 19 *Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1351 (Fed. Cir. 2001):

20 Conceptually, the first step of an invalidity analysis based on anticipation and/or
 21 obviousness in view of prior art references is no different from that of an infringement
 22 analysis. "It is elementary in patent law that, in determining whether a patent is valid
 23 and, if valid, infringed, the first step is to determine the meaning and scope of each claim
 24 in suit." *Lemelson v. Gen. Mills, Inc.*, 968 F.2d 1202, 1206, 23 U.S.P.Q.2D (BNA) 1284,
 1287 (Fed. Cir. 1992). "A claim must be construed before determining its validity just as
 25 it is first construed before deciding infringement." *Markman v. Westview Instruments,*
 26 *Inc.*, 52 F.3d 967, 996 n.7, 34 U.S.P.Q.2D (BNA) 1321, 1344 n.7 (Fed. Cir. 1995)
 27 (*Mayer, J., concurring*), *aff'd*, 517 U.S. 370, 134 L. Ed. 2d 577, 116 S. Ct. 1384 (1996).

28 Only when a claim is properly understood can a determination be made whether
 29 the claim "reads on" an accused device or method, or whether the prior art anticipates
 30 and/or renders obvious the claimed invention. *See id.* Because the claims of a patent
 31 measure the invention at issue, the claims must be interpreted and given the same
 32 meaning for purposes of both validity and infringement analyses. *See SmithKline*
33 Diagnostics, Inc. v. Helena Labs. Corp., 859 F.2d 878, 882, 8 U.S.P.Q.2D (BNA) 1468,
 1471 (Fed. Cir. 1988). "A patent may not, like a 'nose of wax,' be twisted one way to

1 avoid anticipation and another to find infringement.” *Sterner Lighting, Inc. v. Allied*
 2 *Elec. Supply, Inc.*, 431 F.2d 539, 544 (5th Cir. 1970) (citing *White v. Dunbar*, 119 U.S.
 3 47, 51, 30 L. Ed. 303, 7 S. Ct. 72 (1886)). The court must properly interpret the claims,
 4 because an improper claim construction may distort the infringement and validity
 5 analyses. *See Bausch & Lomb, Inc. v. Barnes-Hind/Hydrocurve, Inc.*, 796 F.2d 443, 450,
 6 230 U.S.P.Q. (BNA) 416, 421 (Fed. Cir. 1986).

7 Thus, if the Federal Circuit modifies the Court’s claim constructions, it may modify the Court’s
 8 application of those same terms to Ambu’s invalidity counterclaim.

9 To avoid issuing invalidity determinations based on claim constructions that may be
 10 modified on appeal, courts frequently dismiss invalidity counterclaims without prejudice to
 11 permit immediate appeal of non-infringement judgments and the claim constructions that
 12 underlie them. *See, e.g., Phonometrics*, 133 F.3d at 1468 (“Where, as here, noninfringement is
 13 clear and invalidity is not plainly evident it is appropriate to treat only the infringement issue.”)
 14 (internal quotation omitted); *Mangosoft, Inc. v. Oracle Corp.*, 482 F. Supp. 2d 179, 181, 182
 15 (D.N.H. 2007) (“[T]he most prudent way to resolve this matter, and the most cost-effective way
 16 for the parties, is to dismiss Oracle’s counterclaim, without prejudice.”) “By allowing Mangosoft
 17 to promptly obtain the definitive ruling it seeks, this court will avoid dedicating time and
 18 resources to resolve Oracle’s invalidity counter-claim based on what might prove to be an
 19 erroneous construction of the patent.”); *Amgen, Inc. v. Ariad Pharmaceuticals, Inc.*, C.A. No.
 20 06-259-MPT, 2008 WL 4487910 (D. Del. Oct. 3, 2008) (“Here, the court determines that
 21 considerations of judicial economy and reduction of litigation expenses are better served by
 22 permitting ARIAD to seek review of the court’s claim construction and non infringement orders
 23 at this time and that there is no just reason for delay of such review. If the court were to conduct
 24 a trial on Amgen’s claims based on the court’s current claim construction, modification of that
 25 claim construction on subsequent appeal could result in a second trial of the same issues based
 26 on that modification. Therefore, the court determines that appellate review at this stage of the
 27 litigation is the most efficient course.”) (footnote with additional quotations omitted).

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1 **IV. AMBU'S FALSE-ADVERTISING COUNTERCLAIM IS A SEPARATE CLAIM**
 2 **FOR PURPOSES OF RULE 54(B) AND SHOULD BE STAYED PENDING APPEAL OF**
 3 **LMA'S PATENT CLAIM**

4 Ambu's false-advertising counterclaim is a separate claim for purposes of Rule 54(b).
 5 Accordingly, the Court may enter final judgment on LMA's patent claim now regardless of how
 6 it decides to proceed with Ambu's false-advertising counterclaim. Although the Court could
 7 decide Ambu's false-advertising counterclaim while the Federal Circuit hears the appeal of
 8 LMA's patent claim, considerations of judicial economy and the absence of urgency on Ambu's
 9 counterclaim suggest a stay pending appeal.

10 Ambu's false-advertising counterclaim is a separate claim within the meaning of Rule
 11 54(b) and may therefore be determined separately from LMA's patent claim. To determine
 12 whether an action presents multiple claims, courts generally apply a separate-enforcement test.
 13 If claims could have been separately enforced, then they are separate claims for purposes of
 14 Rule 54(b) and eligible for the entry of separate final judgments. *See* 10 JAMES WM. MOORE,
 15 MOORE'S FEDERAL PRACTICE § 54.22[2][a], at 54-38 (3d ed. 2009) ("If the adjudication would
 16 be final in such a hypothetical independent action, it is final for the purposes of certification
 17 under Rule 54(b)."); 10 WRIGHT & MILLER, *supra* p. 2, § 2657, at 74 (1998) ("a final judgment
 18 may be rendered under Rule 54(b) on one or more but fewer than all of the claims since each
 19 plaintiff could have enforced his claim or his rights as to each defendant separately").

20 Ambu could have prosecuted its false-advertising counterclaim separately from LMA's
 21 patent claim. As the Court is aware from Ambu's motion to amend its pleading, Ambu sent
 22 LMA a cease-and-desist letter on November 15, 2004 (*see* Dkt. #64-4, Ex. 5), more than two
 23 years before U.S. Patent No. 7,156,100 issued on January 2, 2007. Ambu's false-advertising
 24 counterclaim is plainly a separate claim from LMA's patent claim for purposes of Rule 54(b). It
 25 follows that this Court may enter final judgment on the patent claim without delaying appeal for
 26 the false-advertising claim.

27 Not only does Rule 54(b) not require the Court to hold LMA's patent claim for Ambu's
 28 false-advertising claim, but no other consideration provides a just reason to delay entry of final

1 judgment on the patent claim. To the contrary, LMA's patent claim should be resolved *before*
2 Ambu's false-advertising claim. If Ambu's products infringe LMA's valid patent, then certain
3 of the sales that it allegedly lost due to LMA's advertising between January 2, 2007 and
4 sometime in March 2009 were not ones that Ambu was legally permitted to make. Since the
5 measure of Ambu's false-advertising damages depends on the merits of LMA's patent claim,
6 LMA's patent claim should be immediately appealed and Ambu's false-advertising
7 counterclaim should be stayed pending appeal.

8 A stay of the false-advertising counterclaim would not prejudice Ambu because the
9 counterclaim is about money and Ambu has delayed prosecuting it for years. Although the LMA
10 Brochure of which Ambu complains is still available for distribution, it was printed in only one
11 print-run in 2005, has not been reprinted since that time, only a small inventory still exists, and
12 it has not been in widespread use for years. For those reasons, LMA NA is prepared to cease
13 distribution of the remaining copies of the LMA Brochure during the pendency of the appeal.

14 For its part, Ambu cannot claim prejudice from any delay in seeking damages because it
15 delayed bringing its claim for almost four years, from November 15, 2004, when Ambu sent
16 LMA a cease-and-desist letter (*see* Dkt. #64-4, Ex. 5) to July 11, 2008, when Ambu moved to
17 amend its pleadings and add the counterclaim (*see* Dkt. #63). Although this Court permitted
18 Ambu to add the counterclaim, it found as a fact that Ambu had engaged in "undue delay."
19 Order Granting Defendants' Motion for Leave to Amend 3 (Aug. 25, 2008) ("Accordingly, the
20 Court finds there has been undue delay in asserting the proposed counterclaims."), Dkt. #71.

21 In light of Ambu's considered decision to sit on its alleged rights for almost four years,
22 Ambu may claim no prejudice from a stay of its damages claim pending appeal.

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V. CONCLUSION

For the foregoing reasons, LMA respectfully requests that the Court

(1) dismiss LMA's last remaining patent claim (against the AuraFlex™) without prejudice under Rule 41(a)(2);

(2) dismiss Ambu's invalidity counterclaim without prejudice in the exercise of its discretion under the Declaratory Judgment Act;

(3) direct entry of final judgment on LMA's patent claim under Rule 54(b) and expressly determine that there is no just reason for delay; and

(4) stay all other proceedings pending appeal.

Respectfully submitted,

KNOBBE, MARTENS, OLSON & BEAR, LLP

Dated: July 20, 2009

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CERTIFICATE OF SERVICE

I hereby certify that on July 20, 2009, I caused the foregoing **PLAINTIFFS'** **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF THEIR** **MOTION FOR ENTRY OF JUDGMENT ON LMA'S CLAIM UNDER F.R.C.P. 54(b)** and **STAY OF AMBU'S FALSE-ADVERTISING COUNTERCLAIM PENDING** **APPEAL** to be electronically filed with the Clerk of the Court using the CM/ECF system which will send electronic notification of such filing to the applicable registered filing users.

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I declare that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Dated: July 20, 2009

Luz Wright

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